

House Study Bill 266

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON THOMAS)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the development and commercialization of
2 businesses in the targeted industry areas of advanced
3 manufacturing, bioscience, and information technology.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2726HC 82
6 tm/gg/14

PAG LIN

1 1 Section 1. NEW SECTION. 15.411 TARGETED INDUSTRIES
1 2 DEVELOPMENT FUND == FINANCIAL ASSISTANCE.
1 3 1. A targeted industries development fund is created in
1 4 the state treasury under the control of the department and
1 5 consisting of any moneys appropriated by the general assembly
1 6 and any other moneys available to and obtained or accepted by
1 7 the department for placement in the fund. The fund shall be
1 8 used to provide financial assistance under this section.
1 9 Payments of interest, repayments of moneys loaned pursuant to
1 10 this section, and recaptures of financial assistance shall be
1 11 deposited in the fund. Moneys in the fund are not subject to
1 12 section 8.33. Notwithstanding section 12C.7, interest or
1 13 earnings on moneys in the fund shall be credited to the fund.
1 14 2. The department shall provide financial assistance in
1 15 the form of forgivable loans to encourage prototype
1 16 development in the industries of advanced manufacturing,
1 17 bioscience, and information technology. Forgivable loans
1 18 shall be awarded on a per project basis. A recipient shall
1 19 not receive a forgivable loan of more than one hundred fifty
1 20 thousand dollars. In order to receive a forgivable loan, an
1 21 applicant must demonstrate the ability to secure one dollar of
1 22 private moneys for every two dollars received from the fund.
1 23 Forgivable loans shall be provided from the targeted
1 24 industries development fund created in subsection 1.
1 25 3. The department shall provide matching grants for up to
1 26 seven initiatives designed to encourage joint research and
1 27 development work between a large finance services or insurance
1 28 company in the state and small information technology services
1 29 and software companies in the state. Grants shall not exceed
1 30 one hundred thousand dollars per project. In order to receive
1 31 a grant, an applicant must demonstrate the ability to secure
1 32 two dollars of private moneys for every one dollar received
1 33 from the fund. Grants shall be awarded to projects that will
1 34 result in technologies being developed as commercial products
1 35 for export by Iowa companies rather than as custom
2 1 applications for proprietary use by an individual financial
2 2 services company or insurance company. Grants shall be
2 3 provided from the targeted industries development fund created
2 4 in subsection 1.
2 5 4. The department shall provide grants to information
2 6 technology businesses for purposes of upgrading existing
2 7 employees skills. In order to receive a grant under this
2 8 subsection, information technology skills training must be
2 9 received at a community college. Grants shall be provided
2 10 from the targeted industries development fund created in
2 11 subsection 1.
2 12 5. The department shall adopt rules for the implementation
2 13 of this section.
2 14 Sec. 2. NEW SECTION. 15.412 LEAN MANUFACTURING
2 15 INSTITUTE.
2 16 In consultation with the department of management, the
2 17 department of economic development shall establish a lean

2 18 manufacturing institute for purposes of providing executive
2 19 level, in-depth training assistance to manufacturing entities
2 20 in the state. The department of economic development may seek
2 21 private sector moneys for purposes of supporting the lean
2 22 manufacturing institute.

2 23 Sec. 3. NEW SECTION. 15.413 STATEWIDE COMMERCIALIZATION
2 24 DEVELOPMENT SERVICES ENTITY.

2 25 Through a request for proposals process, the department
2 26 shall contract with a provider for services related to
2 27 statewide commercialization development in the industries of
2 28 advanced manufacturing, bioscience, and information
2 29 technology. The services provided by the provider shall
2 30 include all of the following:

2 31 1. Assistance provided directly to businesses by
2 32 experienced serial entrepreneurs for all of the following
2 33 activities:

2 34 a. Business plan development.

2 35 b. Due diligence.

3 1 c. Market assessments.

3 2 d. Technology assessments.

3 3 e. Other planning activities.

3 4 2. Operation and coordination of various available
3 5 competitive seed and prototype development funds.

3 6 3. Assistance in obtaining access to competitive seed and
3 7 early stage financing funding via collaboration with
3 8 state-funded venture financing pools and agriculture-related
3 9 venture pools.

3 10 4. Close linkages between and coordinate the activity of
3 11 private angel investors and the venture capital community.

3 12 5. Assistance in obtaining access to an experienced pool
3 13 of managers and operations talent that can staff, mentor, or
3 14 advise start-up enterprises.

3 15 6. Support and advice for accessing sources of early stage
3 16 financing.

3 17 Sec. 4. NEW SECTION. 15.414 TARGETED INDUSTRIES

3 18 INTERNSHIP PROGRAM == FINANCIAL ASSISTANCE.

3 19 The department shall establish and administer a targeted
3 20 industries internship program. A community college or an
3 21 institution of higher learning under the control of the state
3 22 board of regents and an employer may enter into an agreement
3 23 for purposes of providing internship opportunities to students
3 24 of the community college or university. Upon entering into
3 25 such an agreement, the employer may apply to the department
3 26 for financial assistance. An employer may receive financial
3 27 assistance in an amount of one dollar for every one dollar
3 28 spent by the employer. An employer shall not receive
3 29 financial assistance of more than three thousand one hundred
3 30 dollars per student. In order to be eligible to receive
3 31 moneys under this section, the employer must have five hundred
3 32 or fewer employees and must be engaged in an advanced
3 33 manufacturing, bioscience, or information technology industry.

3 34 Sec. 5. NEW SECTION. 15.415 MATH AND SCIENCE EDUCATOR
3 35 STIPENDS.

4 1 Each fiscal year, a public or private secondary school may
4 2 apply to the department for a one hundred fifty dollar per day
4 3 stipend, not to exceed seven hundred fifty dollars, to pay a
4 4 teacher at the school for attending an educational workshop
4 5 designed to enhance the ability of the teacher to incorporate
4 6 math and science in the daily instruction of students.

4 7 Sec. 6. Section 262B.22, Code 2007, is repealed.

4 8 Sec. 7. STATEWIDE SUPPLIER CAPACITY AND PRODUCT DATABASE.

4 9 The department of economic development shall contract with a
4 10 third party to create a statewide supplier capacity and
4 11 product database to assist the department in linking suppliers
4 12 to Iowa-based advanced manufacturing companies. The
4 13 department shall select the third party through a request for
4 14 proposals process.

4 15 EXPLANATION

4 16 This bill relates to the development and commercialization
4 17 of businesses in the targeted industry areas of advanced
4 18 manufacturing, bioscience, and information technology.

4 19 The bill requires the department of economic development to
4 20 create a targeted industries development fund in the state
4 21 treasury.

4 22 The bill requires the department to provide financial
4 23 assistance from the targeted industries development fund in
4 24 the form of forgivable loans to encourage prototype
4 25 development in the industries of advanced manufacturing,
4 26 bioscience, and information technology. The bill provides
4 27 that a forgivable loan shall be awarded on a per project basis
4 28 and a recipient shall not receive a forgivable loan of more

4 29 than \$150,000. The bill provides that, in order to receive a
4 30 forgivable loan, an applicant must demonstrate the ability to
4 31 secure \$1 of private moneys for every \$2 received from the
4 32 fund.

4 33 The bill requires the department to provide matching grants
4 34 from the targeted industries development fund for up to seven
4 35 initiatives designed to encourage joint research and
5 1 development work between a large finance services or insurance
5 2 company in the state and small information technology services
5 3 and software companies in the state. The bill provides that
5 4 grants shall not exceed \$100,000 per project. The bill
5 5 provides that, in order to receive a grant, an applicant must
5 6 demonstrate the ability to secure \$2 of private moneys for
5 7 every \$1 received from the fund. The bill provides that
5 8 grants shall be awarded to projects that will result in
5 9 technologies being developed as commercial products for export
5 10 by Iowa companies rather than as custom applications for
5 11 proprietary use by an individual financial services company or
5 12 insurance company.

5 13 The bill requires the department to provide grants from the
5 14 targeted industries development fund to information technology
5 15 businesses for purposes of upgrading existing employees'
5 16 skills. The bill provides that, in order to receive a grant,
5 17 information technology skills training must be received at a
5 18 community college.

5 19 The bill requires the department of economic development,
5 20 in consultation with the department of management, to
5 21 establish a lean manufacturing institute for purposes of
5 22 providing executive level, in-depth training assistance to
5 23 manufacturing entities in the state. The bill allows the
5 24 department of economic development to seek private sector
5 25 moneys for purposes of supporting a lean manufacturing
5 26 institute.

5 27 The bill requires the department of economic development to
5 28 contract with a provider for services related to statewide
5 29 commercialization development in the industries of advanced
5 30 manufacturing, bioscience, and information technology. The
5 31 services provided by the provider shall include assistance
5 32 provided directly to businesses by experienced serial
5 33 entrepreneurs, operation and coordination of various available
5 34 competitive seed and prototype development funds, assistance
5 35 in obtaining access to competitive seed and early stage
6 1 financing funding via collaboration with state-funded venture
6 2 financing pools and agriculture-related venture pools, close
6 3 linkages between and coordinate the activity of private angel
6 4 investors and the venture capital community, assistance in
6 5 obtaining access to an experienced pool of managers and
6 6 operations talent that can staff, mentor, or advise start-up
6 7 enterprises, and support and advice for accessing sources of
6 8 early stage financing.

6 9 The bill requires the department to establish and
6 10 administer a targeted industries internship program. The bill
6 11 allows a community college or an institution of higher
6 12 learning under the control of the state board of regents and
6 13 an employer to enter into an agreement for purposes of
6 14 providing internship opportunities to students of the
6 15 community college or university. The bill allows an employer
6 16 in such an agreement to apply to the department for financial
6 17 assistance on a per student basis. The bill provides that, in
6 18 order to be eligible to receive financial assistance, the
6 19 employer must have 500 or fewer employees and must be engaged
6 20 in an advanced manufacturing, bioscience, or information
6 21 technology industry.

6 22 The bill allows a public or private secondary school to
6 23 apply each fiscal year to the department for a \$150 per day
6 24 stipend, not to exceed \$750, to pay a teacher at the school
6 25 for attending an educational workshop designed to enhance the
6 26 ability of the teacher to incorporate math and science in the
6 27 daily instruction of students.

6 28 The bill repeals Code section 262B.22 relating to a
6 29 technology and commercialization resource organization. This
6 30 provision was enacted in 2006.

6 31 The bill requires the department to contract with a third
6 32 party to create a statewide supplier capacity and product
6 33 database to assist the department in linking suppliers to
6 34 Iowa-based advanced manufacturing companies.

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